

**UNIVERSITI TEKNOLOGI MARA CAWANGAN
KELANTAN**

FIN 660: PROJECT PAPER

**“THE IMPACT OF BONUS ISSUE ANNOUNCEMENTS ON THE STOCK PRICES
AND ITS VOLATILITY IN MALAYSIA”**

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DECEMBER'06 – MAY'07

ACKNOWLEDGEMENT

Many people gave their generous assistance during the initial development of this project paper. Expert and general advice from my advisor, my finance lecturer and have been invaluable. Reactions and suggestions from them keep me in the right way to complete this project paper.

This project paper capsule what I have been reading and searching for the whole semester from January 2007 until March 2007. I have learned much from the readings and discussion session with my advisor and also my second examiner.

Thank you to Assoc. Prof. Muhammad Jais Bin Atan, for supporting me with the topic and for raising several doubts on my report also for helping me with the equations and calculations. If it were not for your persuasion, I won't be able to understand my own research and finish it. You helped through every step.

Thank you also to Puan Saripah Binti Abdul Latiff for arising few matters that need immediate attention.

My appreciation goes to those who have helped me through every step in completing this project paper. I am forever indebted with all supports, information and kindness. Thank you to my lovely husband, Muhamad Asrol Bin Mat Ali for understanding me and for giving his brilliant comments also a lot of ideas to me in order to complete this report. Also thank you to my friends Fauzan Najihan and Khartini for giving me some help to get the needed data and for giving some opinions also for helping me to sort out all the announcement information.

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ABSTRACT

This study is conducted to see the impact of bonus issue announcements on the stock prices and its volatility in Malaysia during year 2003. An event study analysis is used to investigate stock prices reaction to the announcement of bonus issues in Malaysia. This research covers stock prices ten days before and after the bonus issue announcements in order to analyze stock price's volatility. On the other hand, the impact of bonus issue announcement can be measure using average return of the stock and market. From the findings, only ten percent from the chosen companies have more volatile stock prices and other ninety percent are less volatile. Based on the average return graph, it shows a positive abnormal return which means the announcement of bonus issue give positive impact to the stock prices. As a conclusion, the stock prices can be said less volatile regarding to the bonus issue announcement. On the other side, bonus issue announcement give positive impact to the stock prices in Malaysia.

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